

§ 131E-297. Hazardous financial condition.

(a) Whenever the financial condition of any provider sponsored organization indicates a condition such that the continued operation of the provider sponsored organization might be hazardous to its beneficiaries, creditors, or the general public, then the Division may order the provider sponsored organization to take any action that may be reasonably necessary to rectify the existing condition, including one or more of the following steps:

- (1) To reduce the total amount of present and potential liability for benefits by reinsurance;
- (2) To reduce the volume of new business being accepted;
- (3) To reduce the expenses by specified methods;
- (4) To suspend or limit the writing of new business for a period of time;
- (5) To require an increase to the provider sponsored organization's net worth by contribution;
- (6) To add or delete sponsoring providers;
- (7) To increase the amount of payments from the PSO which sponsoring providers agree to forego; or
- (8) To require additional guaranties from sponsoring providers or from parents of sponsoring providers.

(b) If the Division determines that the standards in G.S. 131E-286, 131E-288, and 131E-289 do not provide sufficient early warning that the continued operation of any provider sponsored organization might be hazardous to its beneficiaries, creditors, or the general public, the Division may adopt rules to set uniform standards and criteria for such an early warning and to set standards for evaluating the financial condition of any provider sponsored organization, which standards shall be consistent with the purposes expressed in subsection (a) of this section. (1998-227, s. 1.)